Green Trade Barriers

Implications for the USA and China

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What are Green Trade Barriers?

- **Definition:**
  Environmental Laws and Regulations that Affect Global Trade.

- **Type:**
  - Green Technology Sign
  - Green Environmental Standard
  - Green Package Sign
  - Green Quarantine System, etc.

- **Effect:** all the production process, including
  - material preparation, production, package and sale, consumption and management of waste. …
Key Issues:

- Environmental Factors
  - Food safety
  - Human health

- Key Stakeholders
  - State: foreign exchange income, world image
  - Provinces: tax, employment
  - Producers: income, competition ability
Differences between two countries

- Products restricted by Regulations
  - China: honey, tea, spinach, etc.
  - USA: GMO soybeans

- Restricted reasons
  - similarity
    - human health and environmental safety concerns
  - difference
    - China: pesticide use
    - USA: GMO
Differences Effects of two countries (China)

- Growers adversely affected:
  - Inability to compete in global market
  - Products rejected = loss of income
  - High initial cost to comply with regulations

- Chinese Government:
  - more invest in rigorous domestic certification
Differences Effects of two countries (China-cont.)

- Pro’s of compliance: Regulations force cleaner production methods
  - Fewer pesticides = improved human and ecological health
  - Internalized environmental cost
  - Increased awareness of food safety among public
  - Helps world image
Differences Effects of two countries (USA)

- **Effect**
  - 63% of US soy beans are GMO
  - Main exports to China ($1B/yr)
  - 2001 China set rules requiring lengthy tracking/labeling of imported soybeans
  - Set compliance “grace-period” for US, to expire September 2003

- **Repercussions to US**
  - Labeling, tracking costs
  - Major costs to decrease GMO production
  - Chinese have already begun increasing domestic non-GMO soybean production
Responses to the GTB Challenge (China)

- **Growers:** Changing Techniques to meet tougher standards:
  - Replace existing infrastructure/ change techniques
    - Ex: Zhejiang Province
    - 100 new enviro-friendly bases to help farmers use fewer pesticides
    - Exports have increased

- **Chinese Government:** Would have to invest in more rigorous domestic certification
  - Cost of hiring international certifiers
  - And/or cost of training domestic certifiers
  - Information about standards
Responses to the GTB Challenge (USA)

- Asserts that GMOs are not unhealthy
  - Bans misleading
- Says it's unfair for nations to decide about GMO authorization process
- Tried to get the bans lifted
Where to go from here: Possible Solutions

- China:
  - Meet all standards
    - Uniform inspections that meet international criteria
      - Now 3 separate inspecting bodies
      - Training for inspectors
      - Establish funding
      - Establish industry negotiating council for international trade
Solutions of the Conflict

- **USA:**
  - negotiate with China about the standards or regulations restricted each countries’ products

- **WTO:**
  - Help China meet tougher standards:
    - Provide aid
    - Share new technologies
    - Be open with information and guidelines
Thank you!